EXHIBIT 3

Transparency memo

In the interest of full transparency and the spirit of Tezos' values, Tezos would like to share important details about the relationship between two entities: Dynamic Ledger Solutions, Inc. and the Tezos Foundation. It includes information about the use of contributed funds by the Foundation, thus we urge contributors in the Tezos fundraiser to read and understand it.

Background on DLS and the Tezos Foundation

Dynamic Ledger Solutions, Inc. (DLS) is a US-based company currently controlled by its founders, Kathleen & Arthur Breitman. It owns all of the Tezos-related intellectual property (IP), including the source code of the Tezos cryptographic ledger, logos, and trademark applications associated with the name Tezos, domain names, and goodwill arising from a set of a relationships with several contractors and potential customers in the financial technology market.

The Tezos Foundation (the Foundation) is a Swiss foundation based in Zug. Its directors are Johann Gevers, Diego Ponz, and Guido Schmitz-Krummacher. As a legal entity, it operates independently from DLS, though DLS advises the Foundation closely on technology.

Contractual Agreement & Risk Mitigation

The Foundation and DLS have negotiated a contractual agreement in which the Foundation will acquire DLS and release its IP under a free software license (MIT license). In the process, the Foundation will also acquire DLS' existing business relationships with contractors and potential customers, as well as its trademark applications and domain names. This transaction is structured as an earnout, which means the price paid will depend on future performance metrics. Earnouts are common in corporate acquisitions in order to limit risks for buyers.

DLS has taken proactive steps to limit the Foundation's risk in this acquisition, specifically:

- The Tezos blockchain must launch and operate successfully as a public blockchain for a period of three months before DLS' shareholders can receive any compensation for their shares.
- It must work substantially as described in our white paper and technical papers and be consistent with the features described to the community prior to the fundraiser.

Only at this point, and not before, DLS shareholders may exercise the right to receive payment for their shares.

Payment Structure and Contrast to Common fundraising practices

It has become common in fundraisers, or in token generation events (TGEs) for founders of entities selling tokens to reward themselves, in addition to their token allocation, via salaries with little or no accountability and oversight and in a manner that doesn't reflect the viability of their product.

In contrast, payments to DLS are contractually prescribed via the following criteria, which are being shared publicly and in advance of the fundraiser:

- No payment will be made unless and until the terms in the preceding section of this document have been met.
- Once met, DLS' shareholders will receive 8.5% of the contributions made during the fundraiser.
- In addition, DLS' shareholders will receive a 10% allocation of the tokens in the genesis block, placed in a smart contract that will vest monthly over a period of 48 months.

These criteria represent a far more transparent and equitable reflection of the reality of the transaction.

Rationale for the Compensation Structure

1. Tezos has been in development for over three years and was entirely self-funded until very recently September of 2016. When we finally accepted a few pre-orders, we spent over 80% of the funds on paying developers, and the rest on marketing and legal fees. Over the past three years DLS' shareholders have never received any compensation for their work on Tezos, or even leased an office.
2. Too small of a token issuance meant DLS's shareholders wouldn't be properly incentivized to grow the network. Too big of a token issuance would give them a disproportionate amount of control over the network, especially given the built-in governance features. We split the reward in order to balance this tradeoff.
3. Tezos wants to foster the creation of multiple, decentralized core development teams who will compete for endowment by the Foundation. Relying on future largesses of the

Foundation to reward past work is an impedance mismatch, and thus not optimal for inviting competition.

4. A large subset of the projects conducting fundraisers (sometimes called "ICOs") today are based on little more than a white paper and will remain in a development phase for years. Participants in those fundraisers have no idea how much of their contributions will be spent bringing those projects to fruition - if they ever reach that point. In contrast, Tezos established a working testnet in February 2017 which can be accessed upon request to assess the state of the completion of the Tezos project. Most of the remaining development consists of performing security audits and improving the test coverage of the project so it can confidently launch as a public blockchain.

Conclusion

The terms above balance risk and reward in a manner consistent with a real product which we developed before asking any contribution. A vocal minority of the cryptocurrency community have strong feelings regarding the type of agreements they deem acceptable when launching networks, and equally intricate models that they use to justify their position. The Ethereum fundraiser, which helped Ethereum blossom into a successful project with a vibrant community, was decried as “unconscionable” by many a keyboard warrior. Tezos’ founders do not share this vocal minority’s ethos, nor do we ask that those who embrace it take part of in the Tezos fundraiser. We suggest instead that they find, and contribute to, a project which does share their values. If you think our project is cool, has merit, and elegantly solves an important problem using solid technology, we hope you'll contribute.